RG104 E-1 Box 143 Dec 1886

TREASURY DEPARTMENT,

Bureau of the Mint,

Washington,D.C.,December 3,1886.

Sir:

Your letter of yesterday,with enclosures,on the subject of the manufacture of nickel blanks for five-cent coinage,is at hand. I have carefully considered your objection to the expedient proposed and do not consider that it is a valid one un--der the existing circumstances,namely:first,that the general ap--propriation will afford any relief in case the contingent fund of your mint be reduced beyond what was contemplated when the es--timates were made; second,that the consideration of the public demand for minor coin and the requirements of this Department take precedence of any other consideration.

Further,it must be understood that the emergency which has arisen can no longer be temporized with. Your mint is called upon to execute this coinage hand in hand with its regular quota of silver dollars,and it has hitherto been found impractica--ble to do justice to both classes of coinage. The require--ment of dimes is also pressing,and the mint will be called upon to execute this class of coinage in addition to both classes of the other coinage required as soon as it is possible to make room for it.

You will therefore continue your negotiation with Mr. Wharton without delay and submit to the approval of this Bureau your draft of a contract looking to the conversion by him of the cube nickel on hand,together with the other old material not of the nature of coin,retaining such material,besides the old coin-material on hand,as may be necessary for the uninterrupted manu--facture of five-cent nickel pieces from this old coin-material.

With regard to the copper alloy to be used for the blanks it is not desirable that its purchase be a part of Mr. Wharton's contract. The contractor, however, may purchase copper at a rate to be submitted to this Bureau, and to be invoiced directly to the Mint at Philadelphia and paid for from the Minor Coinage Metal Fund. It is presumed that better terms can be ob-tained by the mint than, perhaps, by Mr. Wharton. At all events I have telegraphed for proposals for the necessary amount of Lake and Baltimore copper and will promptly inform you of the rate at which it can be purchased. The contractor may be allowed his choice of copper under the above condition.

With regard to the wastage to be allowed the contractor, three per cent. is regarded as out of proportion to the operation, and it is believed that two per cent. will more than cover the actual wastage incurred. You should, accordingly, stipulate for a wastage not to exceed two per cent.

The enclosed statements give an approximation of the operation upon the amounts of available material as furnished by you, reckoned separately for an allowance of three per cent. wast-age and again at two per cent. The seignorage which will result from either of these calculations you will find to be suf-ficiently large to justify the expenditure, which is regarded as an imperative necessity for meeting the requirements of the De-partment.

Before any contract, however, is executed it will be sub-mitted to the approval of the Secretary, and every satisfaction given that may be required as to the form and nature of the con-templated operation.

If it is practicable to procure American nickel suitable for the coinage of five-cent blanks,it would be preferable to leave the old stock of nickel material for gradual manufacture by your mint; but,understanding that no American nickel is in the market,I assume that this cannot be done. If,however,it can be shown that American nickel can be procured I will proceed at once to advertise for copper-nickel blanks,ready for coinage,in which case they would be paid for out of the Minor Coinage Metal Fund,the same as the one-cent blanks. It might be well to consult Mr.Wharton on this subject immediately,and if anything can be at once accomplished in that line telegraph me promptly to-mor--row,and I will proceed to put the advertisements in form.

You will please understand,however,that this alternative is not to be suffered to interfere with the progress of the nego--tiation first indicated,but that that negotiation shall be super--seded only in case no delay be found necessary in obtaining new material.

Very respectfully,

Director of the Mint.

Hon.Daniel M.Fox,

Superintendent U.S.Mint,

Philadelphia.

Treasy Dept
Washington. D.C
December 3 1886.

James P. Kimball.
Director.

Does not consider Supts objections as to Nickel Blanks for 5 ct Coinage in Letter of yesterday, Valid. — Emergency can no longer be temporised with. Mint must execute this Coinage hand-in-hand with its regular Coinage of S. Ds; and will be required to execute the Coinage of Dimes as soon as possible. Continue negociations with Mr Wharton & Submit Contract for approval. — The Rate of Copper must be submitted to Bureau under this condition, Contractor may have his Choice of Copper. It would be preferable to procure American Nickel. — Consult Mr M.

RECEIVED
DEC 4 1886
U.S. MINT, PHILA.

Proposition of Joseph Wharton Esq

Stock furnished Contractor

20,125 lbs pure Nickel

10,375 " " Copper

Stock required

50,000 lbs Copper @ 11.6 ₵ 5,800.00

Total Mass of alloyed metal = 80,500 lbs

= 7,303,007 5¢ pieces

= $365,150 in 5¢ pieces

Deduct 2% for wastage = 78890 lbs

= $357,847

Cost:

50,000 lbs Copper @ 11.6 = $5,800

Cost of Manufacturing 78,890 lbs @ 25¢ 19,722.50 = $25,522.50

Cost of Old Material:

20125 lbs Nickel @ 85¢ = $17,106.25

10375 " Copper @ 11.6 1.203.50 18,309.75

Total Cost $43,832.25

Face value of Coin $357,847.00

Cost 43,832.25

Profit 314,014.75

Cost per piece for manufacturing $0.0027

" " " " Material .0015

Total cost per piece $0.0042

Copper reckoned at Keyser's offer

Wastage 2%

at 3% Proposition of Joseph Wharton, Esq

Stock furnished Contractor	Stock to be added
20,125 lbs pure nickel	50,000 lbs Copper @ 12½¢ $6,250 -
10,875 " " Copper	

Total Mass = 80,500 lbs of alloyed metal
= 7,303,007, 5¢ pieces
= $365,150 in 5¢ pieces

Deduct 3% for Wastage = 78,050 lbs of coin
= 7,083,890 5¢ pieces
= $354,194.50 in 5¢ pieces

Cost to the Government:

50,000 lbs Copper @ 12½¢ = $6,250 -

Cost of Manufacturing 78,050 lbs @ 25¢ 19,722.50 = $25,972.50

Cost of material furnished Contractor:

20125 lbs nickel @ 85¢ = $17,106.25

10375 " Copper @ 12½ = 1,296.25 = 18,402.50

Total Cost $44 375.00

Face value of Coin = $354,194.50
Cost (including material) = 44,375.00
Profit to Government = $309,819.50

Copper reckoned at Mr. Whartons price
Haslage 3%

Proposition of Joseph Wharton, Esq at 2 %

20125 lbs pure nickel } furnished Contractor
10375 " " Coppers }
50,000 " " " @ 12½¢ = $6,250. – to be bought.

Total mass = 80,500 lbs = $365,150 in 5¢ pieces
Deduct 2 % = 78,890 " = 357,847 " 5¢ "

Cost:

50,000 lbs copper @ 12½	= $6,250 –	
Cost of Manufacturing 78,890 lbs @ 25¢	19,722.50	$25,972.50
Cost of Old Materials		18,402.50
Total		$44,375.00

Face value of Coin . . .	$357,847.00
Cost	44375.00
Profit	$313,472.00

Copper reckoned at Mr. Wharton's offer
Wastage 2 %

NARA RG104, Entry 1, Box 143

[Abstract:] Does not consider Supt's objections as to Nickel Blanks for 5 ct. coinage…

Treasury Department,
Bureau of the Mint,
Washington, D.C.,
December 3, 1886

Sir:

Your letter of yesterday, with enclosures, on the subject of the manufacture of nickel blanks for five-cent coinage, is at hand. I have carefully considered your objection to the expedient proposed and do not consider that it is a valid one under the existing circumstances, namely: first, that the general appropriation will afford any relief in case the contingent fund of you mint be reduced beyond what was contemplated when the estimates were made; second, that the consideration of the public demand for minor coin and the requirements of this Department take precedence of any other consideration.

Further, it must be understood that the emergency which has arisen can no longer be temporized with. Your mint is called upon to execute this coinage hand in hand with its regular quota of silver dollars, and it has hitherto been found impracticable to do justice to both classes of coinage. The requirement of dimes is also pressing, and the mint will be called upon to execute this class of coinage in addition to both classes of the other coinage required as soon as it is possible to make room for it.

You will therefore continue your negotiation with Mr. Wharton without delay and submit to the approval of this Bureau your draft of a contract looking to the conversion by him of the cube nickel on hand, together with the other old material not of the nature of coin, retaining such material, besides the old coin-material on hand, as may be necessary for the uninterrupted manufacture of five-cent nickel pieces from this old coin-material.

With regard to the copper alloy to be used for the blanks it is not desirable that its purchase be a part of Mr. Wharton's contract. The contractor, however, may purchase copper at a rate to be submitted to this Bureau, and to be invoiced directly to the Mint at Philadelphia and paid for from the Minor Coinage Metal Fund. It is presumed that better terms can be obtained by the mint than, perhaps, by Mr. Wharton. At all events I have telegraphed for proposals for the necessary amount of Lake and Baltimore copper and will promptly inform you of the rate at which it can be purchased. The contractor may be allowed his choice of copper under the above condition.

With regard to the wastage to be allowed the contractor, three per cent. is regarded as out of proportion to the operation, and it is believed that two per cent. will more than cover the actual wastage incurred. You should, accordingly, stipulated for a wastage not to exceed two per cent.

The enclosed statements give an approximation of the operation upon the amounts of available material as furnished by you, reckoned separately for an allowance of three per cent. wastage and again at two per cent. The seignorage which will result from either of these

calculations you will find to be sufficiently large to justify the expenditure, which is regarded as an imperative necessity for meeting the requirements of the Department.

Before any contract, however, is executed it will be submitted to the approval of the Secretary, and every satisfaction given that may be required as to the form and nature of the contemplated operation.

If it is practicable to procure American nickel suitable for the coinage of five-cent blanks, it would be preferable to leave the old stock of nickel material for gradual manufacture by your mint; but, understanding that no American nickel is in the market, I assume that this cannot be done. If, however, it can be shown that American nickel can be procured I will proceed at once to advertise for copper-nickel blanks, ready for coinage, in which case they would be paid for out of the Minor Coinage Metal Fund, the same as the one-cent blanks. It might be well to consult Mr. Wharton on this subject immediately, and if anything can be at once accomplished in that line telegraph me promptly to-morrow, and I will proceed to put the advertisements in form.

You will please understand, however, that this alternative is not to be suffered to interfere with the progress of the negotiation first indicated, but that that negotiation shall be superseded only in case no delay be found necessary in obtaining new material.

Very respectfully,
James P. Kimball
Director of the Mint.

Hon. Daniel M. Fox,
Superintendent U.S. Mint,
Philadelphia.

NARA RG104, Entry 1, Box 143

[Enclosed list:]

Proposition of Joseph Wharton Esq.

Stock furnished Contractor	Stock required
20,125 lbs. pure Nickel	50,000 lbs. copper @ 11.6 $5,800.00
10,375 " " Copper	
Total Mass of alloyed metal	= 80,500 lbs.
	=7,303,007 5¢ pieces
	= $365,150 in 5¢ pieces
Deduct 2% for wastage	= 78890 lbs.
	= $357,847

Cost:

50,000 lbs. copper @ 11.6 = $5,800	
Cost of Manufacturing 78,890 lbs. @ 25¢ 19,722.50	= $25,522.50
Cost of Old Materials:	
20125 Lbs. nickel @ 85¢ = $17,106.25	
10375 " Copper @ 11.6 1,203.50	18,309.75
Total Cost	$43,832.25

Face value of Coin…	$357,847.00
Cost…	43,832.25
Profit…	314,014.75

Cost per piece for manufacturing	$0.0027
" " " " Material	.0015
Total cost per piece	$0.0042

Copper reckoned at Keyser's offer
Wastage 2%

At 3% Proposition of Joseph Wharton, Esq.

Stock furnished Contractor	Stock to be added
20,125 lbs. pure nickel	50,000 lbs. copper @ 12 ½ ¢ $6,250 -
10,375 " " copper	
Total mass	= 80,500 lbs. of alloyed metal
	= 7,303,007, 5¢ pieces
	= $365,150 in 5¢ pieces
Deduct 3% for wastage	= 78,050 lbs. of coin
	= 7,083,890 5¢ pieces
	= $354,194.50 in 5¢ pieces

Cost to the Government:

50,000 lbs. copper @ 12 ½ ¢	= $6,250 -
Cost of Manufacturing 78,050 lbs. @ 25¢ 19,722.50	= $25,972.50
Cost of Material furnished Contractor:	
20123 lbs. nickel @ 85¢	= $17,106.25
10375 " Copper @ 12 ½ = 1,296.25	= 18,402.50
Total Cost…	$44,375.00

Face value of Coin	= $354,194.50
Cost (including material)	= 44,375.00
Profit to Government	= $309,819.50

Copper reckoned at Mr. Wharton's price
Wastage 3%

<u>Proposition of Joseph Wharton, Esq. at 2%</u>

20125 lbs. pure nickel }	
10375 " " Copper } furnished Contractor	
50,000 " " " @ 12 ½ ¢	= $6,250. – to be bought.
Total mass = 80,500 lbs.	= $365,150 in 5¢ pieces
Deduct 2% = 78,890 "	= 357,847 " 5¢ "

Cost:

50,000 lbs. copper @ 12 ½	= $6,250 -
Cost of Manufacturing 78,890 lbs. @ 25¢ 19,722.50	= $25,972.50
Cost of Old Material…	18,402.50
Total	$44,375.00

Face value of coin…	$357,847.00
Cost…	<u>44375.00</u>
Profit…	$313,472.00

Copper reckoned at Mr. Wharton's offer
Wastage 2%